

Capital Project Financing Options

Spackenkill Union Free School District
Board of Education Meeting
March 13, 2017

What is a capital project?

- In excess of \$10,000
- New construction
- Renovations
- Additions
- Alterations

What is Building Aid?

- Aid from NYS on projects in excess of \$10,000.
- Projects that house elementary or secondary students
- Computer equipment exempt from \$10,000 threshold
- Building aid received on the total approved cost allowance X Building Aid Ratio

What is Building Aid?

- Building Aid ratios are based on a district's full valuation of property as compared to the state average
- Spackenkill's building aid ratio is 57.3%

What is building aid?

- Building Aid is paid bases on an assumed amortization schedule for a period of probable usefulness (PPU)
- 15 years – renovations and reconstruction
- 20 years – additions
- 30 years – new construction

Sample Project

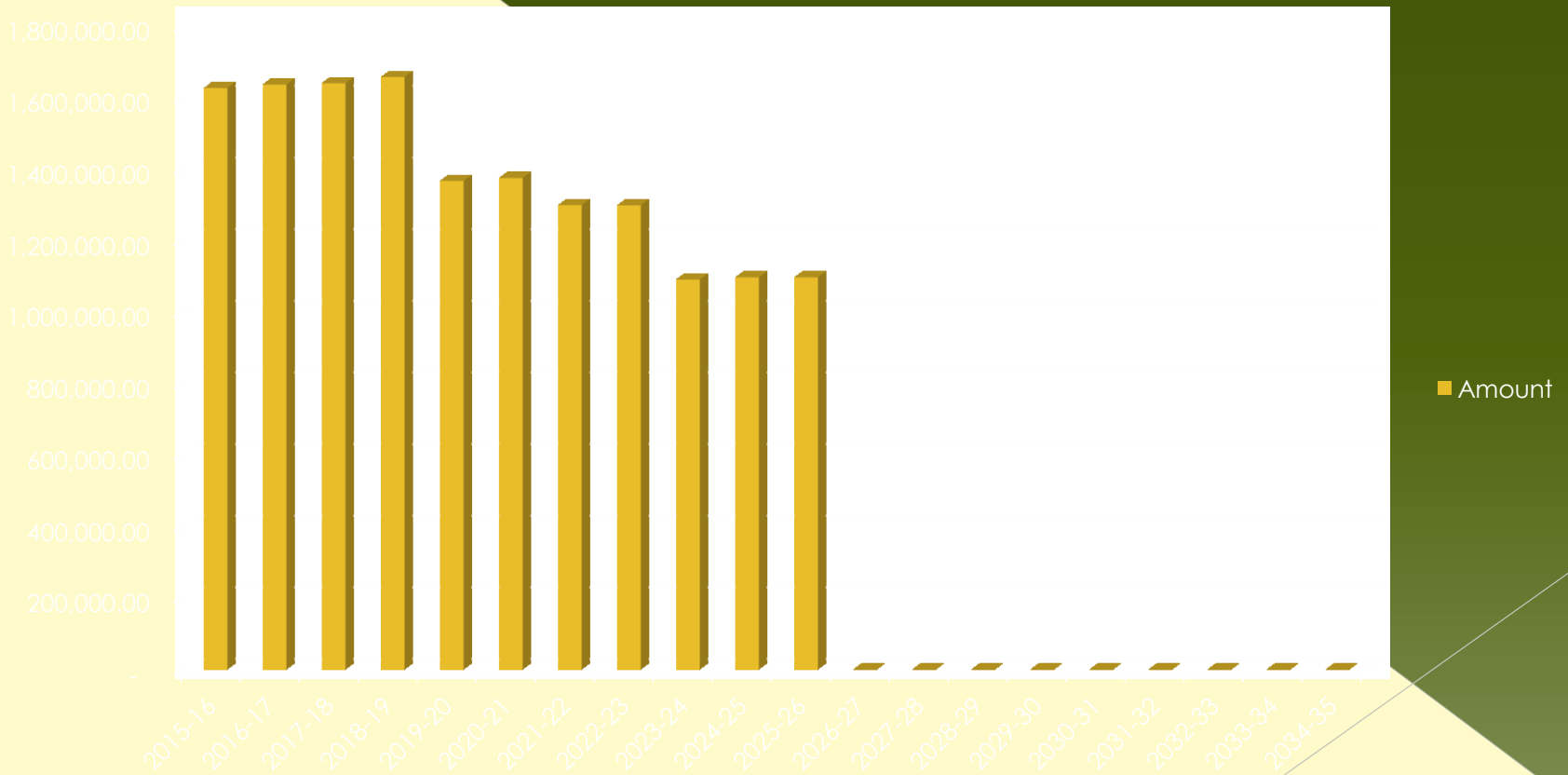
Total Project Cost	\$1,000,000
Total Aidable Costs	950,000
State Aid Amount 57.3%	<u>544,350</u>
Net Project Cost	405,650

Debt Service Payments

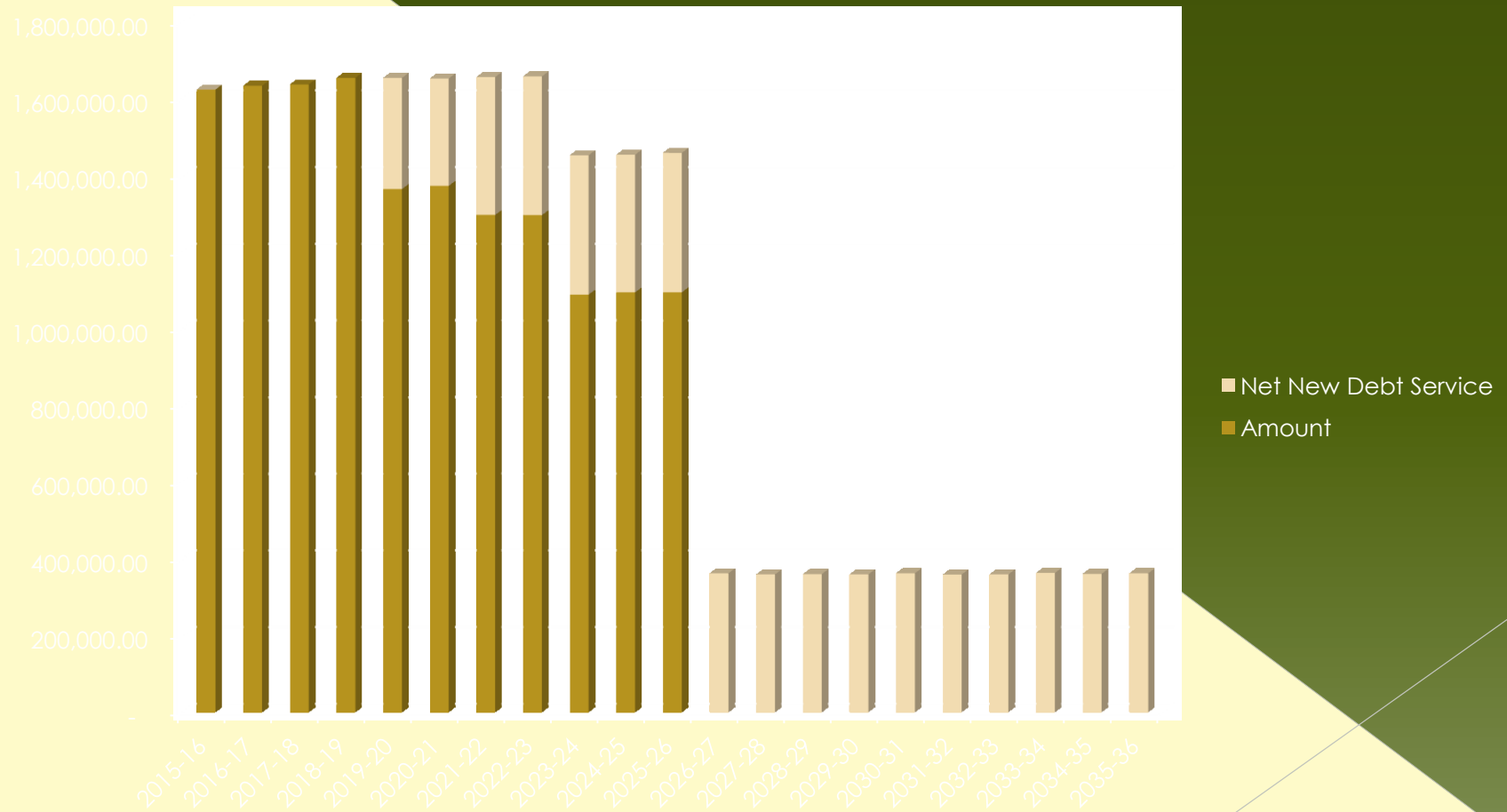
- ⦿ Timing of borrowing is key
- ⦿ Length of borrowing to coincide with receipt of state aid
- ⦿ Look to fill gaps of retiring debt
- ⦿ Favorable interest rate environment
- ⦿ Aa2 Bond Rate – helps keep interest rates low

Current Debt Service

Amount



Debt Service with \$11,750,000 project



Capital Exclusions

Office of the New York State Comptroller

Thomas P. DiNapoli • State Comptroller



Property Tax Cap

Formula for Determining Tax Levy Limit: School Districts

Base Formula

$$\left(\left[\left(\begin{array}{l} \text{Total taxes levied for} \\ \text{prior fiscal year} \end{array} + \begin{array}{l} \text{Prior year reserve} \\ \text{offset} \end{array} - \begin{array}{l} \text{Reserve amount} \\ \text{(including interest} \\ \text{earned)} \end{array} \right) \times \begin{array}{l} \text{Tax base} \\ \text{growth factor}^1 \end{array} \right] + \begin{array}{l} \text{PILOTs} \\ \text{receivable in the} \\ \text{prior fiscal year} \end{array} - \begin{array}{l} \text{Capital tax levy} \\ \text{exclusion, prior} \\ \text{fiscal year} \end{array} - \begin{array}{l} \text{Tort exclusion,} \\ \text{prior fiscal} \\ \text{year} \end{array} \right) \\
 \times \begin{array}{l} \text{Allowable levy} \\ \text{growth factor} \\ \text{(1.00 to 1.02)}^2 \end{array} - \begin{array}{l} \text{PILOTs} \\ \text{receivable in} \\ \text{coming fiscal} \\ \text{year} \end{array} + \begin{array}{l} \text{Available} \\ \text{carryover, if} \\ \text{any} \end{array} = \text{Tax Levy Limit}$$

+ Exclusions

$$\begin{array}{l} \text{Tax Levy Limit} \end{array} + \begin{array}{l} \text{Tax levy necessary for} \\ \text{expenditures resulting} \\ \text{from court} \\ \text{orders/judgments} \\ \text{arising out of tort} \\ \text{actions for any amount} \\ \text{in excess of 5\% of the} \\ \text{total taxes levied in} \\ \text{the prior fiscal year} \end{array} + \begin{array}{l} \text{Capital tax levy} \end{array} + \begin{array}{l} \text{Tax levy necessary to pay} \\ \text{for increases to the system} \\ \text{average actuarial} \\ \text{contribution rate (ERS) or} \\ \text{normal contribution rate} \\ \text{(TRS) of pension funds over} \\ \text{2 percentage points} \end{array} = \begin{array}{l} \text{Tax Levy Limit,} \\ \text{with Exclusions} \\ \text{(if applicable)}^3 \end{array}$$

Next Steps

- Look for the next debt service reductions for long range planning
- Meet with fiscal advisor regarding timing of borrowing(s)